

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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| In re: W.R. GRACE & CO., <i>et al.</i>, Debtors. | § § § § § § | Chapter 11 Jointly Administered Case No. 01-01139 (KJC) |
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**FEE AUDITOR’S FINAL REPORT REGARDING APPLICATION OF CONWAY,
DEL GENIO, GRIES & CO., LLC, FOR FINAL APPROVAL AND ALLOWANCE
OF COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES AS FINANCIAL ADVISOR TO THE OFFICIAL
COMMITTEE OF ASBESTOS PROPERTY DAMAGE CLAIMANTS**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Application of Conway, Del Genio, Gries & Co., LLC, for Final Approval and Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor to the Official Committee of Asbestos Property Damage Claimants (the “Application”).

BACKGROUND

1. Conway, Del Genio, Gries & Co., LLC (“CDG”), was retained as financial advisor to the Official Committee of Asbestos Property Damage Claimants. In the Application, CDG seeks

final approval of fees totaling \$4,778,081.06¹ and expenses totaling \$72,783.36² for its services from April 27, 2001 through June 30, 2008 (the “Final Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We have no issues with, or objections to, the Application, and thus we did not send an initial report to CDG.

DISCUSSION

Final Application Period

3. We note that included in CDG’s final fee and expense request are fees totaling

¹We note that the total of the fees requested in CDG’s 21 prior fee applications, plus the fees awarded in the Sealed Air Adversary Proceedings (*see* paragraph 3), is \$4,998,420.00. It appears that CDG has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 4, to arrive at the figure it seeks of \$4,778,081.06. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

²We note that the total of the expenses requested in CDG’s 21 prior fee applications, plus the expenses awarded in the Sealed Air Adversary Proceedings (*see* paragraph 3), is \$72,936.02. It appears that CDG has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 4, to arrive at the figure it seeks of \$72,783.36. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

\$750,203.13 and expenses totaling \$24,465.67 which the Court approved for CDG in fraudulent conveyance Adversary Proceeding Nos. 02-2210 and 02-2211 (the “Sealed Air Proceedings”). We did not review these fees and expenses, and we therefore make no recommendation, and take no position, concerning their final approval in this report.

Prior Interim Applications

4. We note that we previously filed the following final reports for CDG’s prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on CDG’s prior interim fee applications:

1st - 3rd Periods: Fee Auditor’s Final Report Regarding Fee Application of Conway, Del Genio, Gries & Co. LLC for the First, Second, and Third Interim Periods (Docket #2881), filed on or about October 25, 2002, in which we recommended approval of fees totaling \$1,070,000.00 and expenses totaling \$18,440.12. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the First, Second and Third Periods, dated November 25, 2002 (Docket #3091).

4th Period: Fee Auditor’s Final Report Regarding the Fourth Interim Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #2473), filed on or about July 31, 2002, in which we recommended approval of fees totaling \$450,000.00 and expenses totaling \$4,809.71. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fourth Period, dated October 9, 2002 (Docket #2797).

5th - 7th Periods: Fee Auditor’s Final Report Regarding Fifth, Sixth & Seventh Interim

Quarterly Fee Applications of Conway, Del Genio, Gries & Co. LLC (Docket #3777), filed on or about May 12, 2003, in which we recommended approval of fees totaling \$64,215.87 and expenses totaling \$3,774.49. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Seventh Period, dated July 28, 2003 (Docket #4157).

8th Period: Fee Auditor's Final Report Regarding Eighth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #4090), filed on or about July 22, 2003, in which we recommended approval of fees totaling \$173,154.00 and expenses totaling \$838.02. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eighth Period, dated September 22, 2003 (Docket #4480).

9th Period: Fee Auditor's Final Report Regarding Ninth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #4561), filed on or about October 9, 2003, in which we recommended approval of fees totaling \$240,847.00 and expenses totaling \$3,237.13. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Ninth Period, dated December 15, 2003 (Docket #4827).

10th Period: Fee Auditor's Final Report Regarding Tenth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #5071), filed on or about February 5, 2004, in which we recommended approval of fees totaling \$300,000.00 and expenses totaling \$1,689.24. These

recommendations were adopted in the Order Approving Quarterly Fee Applications for the Tenth Period, dated April 26, 2004 (Docket #5482).

11th Period: Fee Auditor's Final Report Regarding Eleventh Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #5738), filed on or about June 8, 2004, in which we recommended approval of fees totaling \$300,000.00 and expenses totaling \$48.17. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eleventh Period, dated June 16, 2004 (Docket #5822).

12th Period: Fee Auditor's Amended Final Report Regarding Twelfth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #6319), filed on or about September 3, 2004, in which we recommended approval of fees totaling \$79,661.06 and expenses totaling \$761.69, reflecting our recommended reduction of \$220,338.94 in fees, as further explained in paragraphs 3-22 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twelfth Period, dated September 27, 2004 (Docket #6465).

13th Period: Fee Auditor's Final Report Regarding Thirteenth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #6971), filed on or about November 17, 2004, in which we recommended approval of fees totaling \$150,000.00 and expenses totaling \$222.33. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirteenth Period, dated January 26, 2005 (Docket #7622).

14th Period: Fee Auditor's Final Report Regarding Fourteenth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #7975), filed on or about March 7, 2005, in which we recommended approval of fees totaling \$150,000.00 and expenses totaling \$2,569.11, reflecting our recommended reduction of \$152.66 in expenses, as further explained in paragraph 5 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fourteenth Period, dated March 22, 2005 (Docket #8081).

15th Period: Fee Auditor's Final Report Regarding Fifteenth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #8579), filed on or about June 8, 2005, in which we recommended approval of fees totaling \$150,000.00 and expenses totaling \$116.26. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifteenth Period, dated June 29, 2005 (Docket #8728).

16th Period: Fee Auditor's Final Report Regarding Sixteenth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #9375), filed on or about September 9, 2005, in which we recommended approval of fees totaling \$150,000.00 and expenses totaling \$1,703.91. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Sixteenth Period, dated September 27, 2005 (Docket #9513).

17th Period: Fee Auditor's Final Report Regarding Seventeenth Interim Quarterly Fee

Application of Conway, Del Genio, Gries & Co. LLC (Docket #11214), filed on or about November 30, 2005, in which we recommended approval of fees totaling \$150,000.00 and expenses totaling \$11.59. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Seventeenth Period, dated December 21, 2005 (Docket #11402).

18th Period: Fee Auditor's Final Report Regarding Eighteenth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #11930), filed on or about March 3, 2006, in which we recommended approval of fees totaling \$150,000.00 and expenses totaling \$2,522.24. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eighteenth Period, dated March 27, 2006 (Docket #12121).

19th Period: Fee Auditor's Final Report Regarding Nineteenth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #12520), filed on or about May 25, 2006, in which we recommended approval of fees totaling \$150,000.00 and expenses totaling \$3,737.46. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Nineteenth Period, dated June 16, 2006 (Docket #12660).

20th Period: Fee Auditor's Final Report Regarding Twentieth Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #13175), filed on or about September 8, 2006, in which we recommended approval of fees

totaling \$75,000.00 and expenses totaling \$2,084.85. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twentieth Period, dated September 26, 2006 (Docket #13298).

21st Period: Fee Auditor's Final Report Regarding Twenty-First Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #13968), filed on or about December 8, 2006, in which we recommended approval of fees totaling \$25,000.00 and expenses totaling \$260.87. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-First Period, dated December 19, 2006 (Docket #14069).

22nd Period: Fee Auditor's Final Report Regarding Twenty-Second Interim Quarterly Fee Application of Conway, Del Genio, Gries & Co. LLC (Docket #14771), filed on or about March 6, 2007, in which we recommended approval of fees totaling \$25,000.00 and expenses totaling \$1,050.92. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Second Period, dated May 3, 2007 (Docket #15494).

23rd Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Third Interim Period (Docket #16037), filed on or about June 13, 2007, in which we recommended approval of fees totaling \$25,000.00 and expenses totaling \$114.75. These recommendations were adopted in the Order Approving

Quarterly Fee Applications for the Twenty-Third Period, dated June 20, 2007 (Docket #16105).

25th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Fifth Interim Period (Docket #17542), filed on or about December 4, 2007, in which we recommended approval of fees totaling \$50,000.00 and expenses totaling \$20.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Fifth Period, dated December 13, 2007 (Docket #17629).

26th - 29th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Ninth Interim Period (Docket #20150), filed on or about November 26, 2008, in which we recommended approval of fees totaling \$100,000.00 and expenses totaling \$304.83. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Ninth Period, dated December 17, 2008 (Docket #20283).

5. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for the prior interim periods.

CONCLUSION

10. Thus, we recommend final approval of \$4,027,877.93 in fees (\$4,778,081.06³ excluding \$750,203.13 in Sealed Air fees)⁴ and \$48,317.69 in expenses (\$72,783.36⁵ excluding \$24,465.67 in Sealed Air expenses)⁶ for CDG's services for the Final Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

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FEE AUDITOR

³We note that the total of the fees requested in CDG's 21 prior fee applications, plus the fees awarded in the Sealed Air Adversary Proceedings (*see* paragraph 3), is \$4,998,420.00. It appears that CDG has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 4, to arrive at the figure it seeks of \$4,778,081.06. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁴*See* paragraph 3.

⁵We note that the total of the expenses requested in CDG's 21 prior fee applications, plus the expenses awarded in the Sealed Air Adversary Proceedings (*see* paragraph 3), is \$72,936.02. It appears that CDG has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 4, to arrive at the figure it seeks of \$72,783.36. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁶*See* paragraph 3.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 30th day of July, 2014.

A handwritten signature in blue ink, appearing to read "W. H. Smith", is positioned above a horizontal line.

Warren H. Smith

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